



Emergency & Accessibility Loan Program

PROGRAM CONCEPT

OBJECTIVE

The Emergency and Accessibility Loan Program (ELP) assists low income single family homeowners in addressing emergency conditions in the home or essential accessibility needs for a disabled resident. Emergency conditions are generally defined as property damage beyond the homeowner's control or that are necessitated by a system or structural failure that has caused or could cause the home to be uninhabitable. Accessibility improvements include permanent modifications accommodating high priority mobility, homemaking and self-care needs of a disabled household resident.

ELIGIBLE PROGRAM APPLICANTS

- A political subdivision,
- A nonprofit entity as defined by Minnesota Housing,
- A housing and redevelopment authority, or
- Other organization designated by Minnesota Housing, which has as a primary purpose the provision or development of affordable housing to low income persons or households in Minnesota.

APPLICATION PROCESS

- Minnesota Housing will issue a Request for Qualifications (RFQ) to solicit applications from eligible organizations that also apply to provide the HOME Rehabilitation Loan Program.
- Program Lenders will be selected to ensure that there will be adequate coverage throughout the State in order that homeowners receive fair and equal access to RLP funding.
- Only Program Lenders contracted under the HOME Rehabilitation Loan Program will be eligible for participation in ELP.

ELP LOAN TERMS

- ELP loans will be made in the amount necessary to complete the required rehabilitation up to the maximum loan amount of \$10,000.
- ELP will offer interest-free, deferred loans, which are forgiven at the end of the loan term. The loan term will be for 15 years for all properties **except that the loan term will be 10 years for mobile/manufactured homes.**
- All loans will be secured with a mortgage. Loans made in conjunction with a manufactured home taxed as personal property must be secured with a lien on the manufactured home title.

ELIGIBLE BORROWERS

- All Borrowers must have occupied the property as an owner-occupant and as their principal residence for at least six months prior to start of rehabilitation. Co-signers are not allowed.
- Borrower must have gross household annual income at or below 30% of the Twin Cities median income adjusted for family size as determined by the Department of Housing and Urban Development (HUD).
- Borrowers must not have liquid assets in excess of \$25,000 at the time of loan application.
- Eligible forms of ownership interest include:
 - fee simple estate;
 - a leasehold estate;
 - a mobile/manufactured home taxed as real property or taxed as personal property and located in a mobile home park; or
 - leasehold estate subject to a Community Land Trust (CLT).
- Eligible forms of holding title include:
 - individual, joint tenancy, a tenancy-in-common;
 - tenancy by the entirety;
 - a recorded life estate (excluding remaindermen); or
 - a vendee interest in a recorded contract-for-deed.

PROPERTY ELIGIBILITY

- Eligible properties include:
 - residential Minnesota single family detached homes;
 - a duplex;
 - an eligible unit of a Planned Unit Development (PUD);
 - unit of a condominium;
 - a townhome; and
 - certain mobile/manufactured homes.
- Ineligible properties are:
- properties containing more than two units;
- properties intended to be an investment property;
- properties intended for recreational use;
- properties where a portion of the residence is specifically designed for commercial use; or
- properties where more than 50% of the total area of the residence is used in a trade or business.

REHABILITATION ELIGIBILITY

- Each rehabilitation improvement must be a permanent general improvement made in compliance with all applicable state, county and municipal health, housing, building, fire prevention, and housing maintenance codes, or other public standards.
- All rehabilitation work must be completed by building contractors that are licensed in the State of Minnesota.
- Funds can be used only to address emergency conditions in the home or essential accessibility needs for a disabled resident. All other repairs must be made through application to the HOME Rehabilitation Loan Program.
- Lead-based paint guidelines will not apply to emergency loans.
- Eligible emergency conditions include:
 - Failure of the heating, electrical, ventilation, or plumbing/septic system;
 - Roof leaks that led to significant secondary damage to the home's interior;
 - A structural failure of the foundation, walls, or roof of the home that could cause collapse;
 - An elevated blood level of a household resident due to lead paint; or
 - An accessibility need that prevents a disabled person from inhabiting the home.
- Other emergency conditions will be considered by Minnesota Housing on a case-by-case basis

DOCUMENTATION REQUIREMENTS

- Administrator must retain any and all documents (including compliance with Minnesota Housing program guidelines) as may be required, including, but not limited to:
 - Records for all rehabilitation improvements including scope of work, bids and estimates, sworn construction statement, lien waivers, change orders and completion certificates;
 - Evidence that rehabilitation work meets state or local building code;
 - Copy of Homebuyer Application;
 - Written verification of all major sources of income;
 - Written verification of current property ownership; and
 - Documentation of the emergency or accessibility need(s) to be addressed.

FUNDING

- Funds will be offered on a first-come first-served basis via regional pools for each of the seven Regional Housing Advisory Group (RHAG) regions. Lenders can have up to three loans in process at any given time. When a loan in process is approved for purchase by Minnesota Housing the lending partner can commit an additional loan.
- Commitments will be valid for 120 days with extensions granted only in unusual or extenuating circumstances, and commitments will automatically expire on day 121.
- Two disbursements will be made, one at commitment and the second at completion of construction. At each disbursement the lender will be paid one-half of the loan amount and one-half of the administrative fee.